

COASTSIDE COUNTY WATER DISTRICT

766 MAIN STREET

HALF MOON BAY, CA 94019

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

Tuesday, January 11, 2022

Due to the Covid-19 pandemic, and in accordance with Assembly Bill 361, which modifies California Government Code Section 54953, the Boardroom was not open to the public for the January 11, 2022, Regular Meeting of the Board of Directors of the Coastside County Water District. The Regular Meeting was conducted remotely via teleconference.

The Public was able to participate in the public meeting by joining the meeting through the Zoom Video Conference link provided. The public was also able to join the meeting by calling a provided teleconference phone number.

- 1) **ROLL CALL** -President Bob Feldman called the meeting to order at 7:00 p.m. Participating in roll call via Zoom Video Conference: Directors Ken Coverdell, Chris Mickelsen, Glenn Reynolds and Vice-President Muller.

Also present: Mary Rogren, General Manager, Patrick Miyaki, Legal Counsel; James Derbin, Superintendent of Operations; Cathleen Brennan, Water Resource Analyst; Gina Brazil, Office Manager, and Nancy Trujillo, Accounting Manager.

Sanjay Gaur and Nancy Phan of Raftelis Financial Consultants LLC

Chris Brown of Fedak & Brown LLP

- 2) **PLEDGE OF ALLEGIANCE**

- 3) **PUBLIC COMMENT**

Director Coverdell commented on his discussions with Cameron Jeffs, a local developer, regarding a water main extension project. Director Coverdell said that members of the public are encouraged to come to the public meeting and to speak with the Board. Mr. Miyaki said that these comments fall within the Directors Comments portion of the agenda.

- 4) **PUBLIC HEARING**

A) Public Hearing to Consider Proposed Amendment of the Rate and Fee Schedule to Add Water Shortage Contingency Stage Rates Consistent with the 2020 Water Shortage Contingency Plan and San Francisco Public Utilities Commission (SFPUC) Pass-through Wholesale Water Shortage Rates or Surcharges;

Consideration of Resolution 2022-01 Amending the Rate and Fee Schedule and Finding that the Amendments are Exempt from the California Environmental Quality Act.

Ms. Rogren introduced the topic by providing a timeline and steps taken to get to the public hearing. On June 8, 2021, the Board approved the District's 2020 Water Shortage Contingency Plan. In the Summer of 2021, Staff engaged Raftelis Financial Consultants LLC. (Raftelis) to model Water Shortage Contingency (WSC) Stage Rates based upon the August 3, 2020 Water Financial Plan and Rate Update Report and the May 15, 2018 Cost of Service and Rate Study in order to meet the requirements of Proposition 218. At the Regular Board meeting on September 14, 2021, Raftelis conducted a workshop with the Board to review the rate modeling. The final report "Water Shortage Contingency Rate Study" was presented to the Board at the November 9, 2021 Regular Board Meeting, and the Board scheduled the public hearing for January 11, 2022 and authorized staff to issue the public notice. On November 24, the Notice of Public Hearing and Proposed Amendment to the District's Rate and Fee Schedule was mailed to property owners and customers.

Ms. Rogren then welcomed Mr. Sanjay Gaur and Ms. Nancy Phan from Raftelis who presented an overview of Water Shortage Contingency (WSC) Stage Rates. Mr. Gaur explained that WSC Stage Rates are designed to recover lost revenue due to a reduction in water usage and differences in water purchase costs during a water shortage situation. The WSC Stage Rates are surcharges tied to the specific six stages of a water shortage situation as describe in the District's 2020 Water Shortage Contingency Plan. Although the WSC Stage Rates would be added to the District's Rate and Fee Schedule, additional actions would be required in order to implement the WSC Stage Rates including: 1) the Board of Directors must declare a Water Shortage Contingency Stage; 2) the Board must take further action to implement the WSC Stage Rates; and 3) a written notice must be mailed to all customers at least 30 days prior to implementing the WSC Stage Rates. Mr. Gaur and Ms. Phan also described the SFPUC Pass-through Wholesale Water Shortage Rates or Surcharges.

Open Public Hearing: At 7:32 President Feldman opened the public hearing and asked for comments.

Public Comments:

Mr. Rupi Singh: Asked questions about the Ritz Carlton as a customer and about water use restrictions and other means to conserve water.

Ms. Rogren responded to the questions and said that given the severity of the water shortage situation, the District may consider enacting an ordinance that includes penalties for excessive water use. In addition, an ordinance could also include other restrictions such as limiting irrigation.

President Feldman shared that the District has also implemented tools such as WaterSmart which enables the District to contact customers who may have leaks or who are using excessive amounts of water. President Feldman said the WSC Stage

Rates are designed to be equitable across all users. President Feldman also noted that the WSC Stage Rates are not automatic but are a contingency plan and a fallback plan. The rates do not go into effect until the water shortage situation requires it.

Ms. Sandra Clausen: Asked questions about the average household use and if capital improvement projects are being considered that could serve to increase the amount of local water sources that can be utilized in a drought. She said that she disagreed with the previous speaker about the impact particularly for seniors living on fixed incomes.

Ms. Rogren responded that 7 units is an example of average use and that the WSC Stage Rates are only on the commodity charges. There would be no changes to the meter charges. President Feldman added that the District recently conducted a strategic planning session to identify and prioritize local source opportunities, including prioritizing refurbishments of existing wells.

There were no further public comments. Mr. Miyaki noted for the record that the District received 11 protest letters in advance of the hearing, and each of the Board members received copies of all of the letters.

Close Public Hearing: Director Feldman closed the public hearing at 7:48 PM.

Board Comments: Discussion ensued. Director Muller noted that the Board has been diligent in setting the stage to be prepared for the unexpected. Director Reynolds added that the Board has spent many months in evaluating these WSC Stage Rates and believes them to be equitable, transparent and fair. Director Mickelsen added that these WSC Stage Rates are a contingency plan that he hopes never to implement but may be required given a State or SFPUC action.

B) Board Action

ON MOTION BY Director Reynolds and seconded by Vice-President Muller, the Board voted by roll call vote to adopt Resolution 2022-01 amending the Rate and Fee Schedule to add Water Shortage Contingency Stage Rates and San Francisco Public Utilities Commission (SFPUC) Pass-Through Wholesale Water Shortage Rates or Surcharges and finding that the Amendment is exempt from the California Environmental Quality Act.

Director Coverdell	Aye
Director Mickelsen	Aye
Director Reynolds	Aye
Vice-President Muller	Aye
President Feldman	Aye

- A. Approval of disbursements for the month ending December 31, 2021:
Claims: \$711,149.21; Payroll: \$184,967.18 for a total of \$896,116.39
- B. Acceptance of Financial Reports
- C. Approval of Minutes of December 13, 2021, Special Board of Directors Meeting
- D. Approval of Minutes of December 14, 2021, Regular Board of Directors Meeting
- E. Installed Water Connection Capacity and Water Meters Report
- F. Total CCWD Production Report
- G. CCWD Monthly Sales by Category Report-December 2021
- H. Monthly Planned Plant or Tank Discharge and New Water Line Flushing Report
- I. Monthly Rainfall Reports
- J. Water Service Connection Transfer Report for December 2021

Director Mickelsen stated he had reviewed the monthly financial claims and found all to be in order.

Director Coverdell commented that Item E under General Business (Consider and Reaffirm Resolution 2021-06 "Making Findings Pursuant to Assembly Bill 361 That the Proclaimed State of Emergency Continues to Impact the Ability to Meet Safely in Person") should be included at the beginning of the agenda before the Consent Calendar given that it is an approval to continue meeting via zoom. The General Manager will consult with the District Counsel to modify the agenda in the future.

ON MOTION BY Director Mickelsen and seconded by Director Reynolds, the Board voted by roll call vote to approve the Consent Calendar:

Director Coverdell	Aye
Director Mickelsen	Aye
Director Reynolds	Aye
Vice-President Muller	Aye
President Feldman	Aye

6) MEETINGS ATTENDED/DIRECTOR COMMENTS

Director Coverdell reported that there was significant snow in the Sierras given the December storms.

7) GENERAL BUSINESS

- A. **Coastside County Water District Basic Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2021. Accept Audit Report**

Ms. Rogren introduced Chris Brown, Partner with Fedak & Brown LLP, the District's Independent Auditor. Mr. Brown gave a presentation, detailing the

audit standards including assessing the District's internal controls, agreeing with balances to support documentation and to perform analysis of key relationships. He reported the results, an unmodified "clean" opinion with regards to the financial position of the District in all material respects. Mr. Brown reported that based on the findings of their audit, no material weaknesses within the District's internal control structure were identified. He also summarized the communication to the governing board and reviewed the financial highlights in terms of assets, liabilities, and the District's net position, and answered a few questions from the Board.

ON MOTION BY Vice-President Muller and seconded by Director Reynolds, the Board voted by roll call vote to approve the Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2021:

Director Coverdell	Aye
Director Mickelsen	Aye
Director Reynolds	Aye
Vice-President Muller	Aye
President Feldman	Aye

B. Water Shortage Advisory and Public Outreach Update

Ms. Brennan provided a summary of the water shortage and public outreach activities. As of January 1, 2022, the SFPUC implemented water allocations, also known as water budgets, for their wholesale customers. The District was given a budget of 342 MG for calendar year 2022 that is seasonally distributed in a monthly budget by SFPUC. On January 4, 2022, the State Water Resources Control Board adopted emergency drought regulations which include prohibitions such as prohibiting incidental runoff and irrigation within 48 hours after measurable rainfall. Ms. Brennan noted that although there have been improvements in drought conditions across California and in our local watersheds given the significant precipitation in the recent months, severe drought conditions continue to exist.

C. Review District Board Committees. Consider and Approve Appointments of Board Members to the Coastside County Water District Board Committees, and Appointment of District Representatives to External Organizations and Associations

President Feldman recommended that the Board Committee and external organization assignments remain the same as the 2021 assignments. In addition, the Recycled Water Committee will be renamed the "Water Reuse" Committee.

ON MOTION BY Vice President Muller and seconded by Director Reynolds, the Board voted by roll call vote to approve Appointments of Board Members to the Coastside County Water District Board Committees, and Appointment of District Representatives to External Organizations and Associations:

Director Coverdell	Aye
Director Mickelsen	Aye
Director Reynolds	Aye
Vice-President Muller	Aye
President Feldman	Aye

D. Appointment of CCWD Board Member Representative Alternate(s) to Participate in San Mateo Local Agency Formation Commission (LAFCO) Election of Officers

President Feldman reminded the Board that this is an annual exercise where the District designates each of the other members of the Board as an alternate to participate in LAFCo's election of officers if the Board President is not available.

ON MOTION BY Vice-President Muller and seconded by Director Reynolds, the Board voted by roll call vote to approve the Appointment of CCWD Board Member Representative Alternate(s) by name: Vice-President Muller, and Directors Coverdell, Mickelsen, and Reynolds to Participate in San Mateo Local Agency Formation Commission (LAFCO) Election of Officers:

Director Coverdell	Aye
Director Mickelsen	Aye
Director Reynolds	Aye
Vice-President Muller	Aye
President Feldman	Aye

E. Consider and Reaffirm Resolution 2021-06 "Making Findings Pursuant to Assembly Bill 361 That the Proclaimed State of Emergency Continues to Impact the Ability to Meet Safely in Person"

Ms. Rogren summarized Governor Newsom's Executive Order dated back on March 4, 2020, that declared a State of Emergency to exist in California because of the threat of COVID 19. The Executive Order N-29-20 suspended certain provisions of the Ralph M. Brown Act relating to teleconferencing to allow legislative bodies to conduct meetings remotely to help protect the spread of COVID-19 and to protect the health and safety of the public. On June 11, 2021, the

Governor issued Executive Order N-08-21 which specified that Executive Order N-29-20 remain in effect through September 30, 2021.

On September 16, 2021, the Governor signed Assembly Bill (AB361) into law to allow legislative bodies to continue to meet remotely during a proclaimed State of Emergency after September 30, 2021. On October 8, 2021, the Board adopted Resolution 2021-06. Per AB361, the Board will need to consider and reaffirm the findings of Resolution 2021-06 monthly proclaiming that the State of Emergency continues to impact the ability of members to meet safely in person, and state or local officials continue to impose or recommend measures to promote social distancing.

ON MOTION BY Director Coverdell and seconded by Vice-President Muller, the Board voted by roll call vote to Reaffirm Resolution 2021-06 "Making Findings Pursuant to Assembly Bill 361 That the Proclaimed State of Emergency Continues to Impact the Ability to Meet Safely in Person":

Director Coverdell	Aye
Director Mickelsen	Aye
Director Reynolds	Aye
Vice-President Muller	Aye
President Feldman	Aye

F. Consider Resolution 2022-02 Amending the General Regulations Regarding Water Service To Address Property Owner/Landlord Responsibility for Water Bill After Tenant Default

This item was tabled to a future meeting for further discussion.

G. Quarterly Financial Review

Ms. Rogren referenced the Period Budget Analysis and summarized the year-to-date revenue and expenses for the first six months of Fiscal Year 2021-2022. She reviewed the key highlights including the year-to-date total revenue being \$198,000 or 2.5% below budget primarily due to lower water sales and total expenses being \$426,000 or 8% below budget primarily due to savings in SFPUC water purchases and savings in salaries and benefits due to open positions. Ms. Rogren also recapped the Capital Improvement Projects, noting that for the first six months of the 2021-2022 Fiscal Year, the District spent \$2,400,000 in Capital Improvement Projects.

H. Nunes Water Treatment Plant Upgrades Project Update #5

Mr. Derbin gave an update of the progress being made at the Nunes Water Treatment Plant. Major items of work completed in December 2022 included pouring concrete for the sedimentation basin stem wall footings and buttresses and soil backfill around the sedimentation basin.

6) MONTHLY INFORMATIONAL REPORTS

A. General Manager's Report

Ms. Rogren reported that over the last six months, the District completed an update of its Emergency Response Plan and certified it with the Environmental Protection Agency by December 31, 2021 in accordance with the America's Water Infrastructure Act of 2018. Ms. Rogren also reported that on December 14, 2021, the City of Half Moon Bay Planning Commission approved the District's application for a Coastal Development Permit for the Water Main Replacement Under Pilarcitos Creek at Strawflower Shopping Center.

B. Superintendent of Operations Report

Mr. Derbin summarized operations highlights for the month of December 2021.

9) DIRECTOR AGENDA ITEMS - REQUEST FOR FUTURE BOARD MEETINGS

None.

10) ADJOURNMENT - The Board Meeting was adjourned at 9:27 p.m.

Respectfully submitted,



Mary Rogren, General Manager
Secretary to the District



Robert Feldman, President
Board of Directors